# ORIGINAL

# Before the FEDERAL COMMUNICATIONS COMMISSION Washington, D.C. 20554

ORIGINAL FILE

In the Matter of

Advanced Television Systems and Their Impact upon the Existing Television Broadcast Service MM Docket No. 87-268

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JUN 22 1992

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

#### PETITION FOR PARTIAL RECONSIDERATION \

Respectfully submitted,

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#### EXECUTIVE SUMMARY

The National Association of Broadcasters petitions the Commission to reconsider a portion of its <u>Second Report</u> and <u>Order</u> in its proceeding on high definition television.

NAB appreciates the difficulty of the Commission's task to devise a plan to see the sure and swift introduction of HDTV. We appreciate the Commission's dilemma of how to insure a rapid implementation of HDTV by relying on market forces rather than on government mandate, of how not to tie up valuable spectrum for longer than absolutely necessary. And NAB appreciates why the Commission has decided that HDTV will be brought to the American public most swiftly and efficiently by relying on, and requiring, broadcasters, alone and independent of other market factors, to construct HDTV facilities by a date certain.

But NAB asks that the Commission, while holding broadcasters' feet to the fire, extend some flexibility to enable us to accomplish our task.

Specifically, NAB requests that the FCC reconsider its decision to impose an across-the-board three year construction deadline. We ask that the Commission either revisit the timing of a construction deadline once the process has begun or, should a specific construction schedule be seen as necessary, that the Commission now establish a deadline or deadlines that allow for staggered implementation more in tune with natural market forces and

known financial circumstances and for known complications. Should the Commission decline to so revise its rules, we request that it adopt an extension policy for a demonstration of present financial inability coupled with a showing of future capability.

We would fear that, otherwise, the transition process could be hobbled, and even halted, by en masse extension requests, incapable equipment markets unable to meet demand or achieve or offer expected economies of scale, artificially high equipment costs, insufficient manpower resources, failure of financing, unstable trading markets, and avoidable bankruptcies. An orderly and successful transition to HDTV could thus be sacrificed and defeated.

NAB is generally supportive of the Commission's decision to shorten the HDTV application period to two years, but it urges a change in the current rules which require that a broadcast applicant, must, at the time of application, be financially capable of constructing and operating the applied-for facility and must so demonstrate. Making or financing the capital investment required for an HDTV facility will be difficult for many broadcasters, perhaps even for the majority, on the schedule adopted by the Commission. NAB urges the Commission to amend the financial qualification requirement, perhaps only requiring a showing that financing is being arranged and that there is

reason to believe that it will be forthcoming. Without such a relaxation of the rules, the financial qualification requirement likely will present a serious problem for many broadcasters.

The Commission has adopted a three year construction deadline, for all stations, in all markets. In many markets and for many stations, this well may not even follow a two year period for applications to be filed, should the Commission adopt its proposed channel assignment plan that could result in a race to apply on day one. the Commission's plan and its deadlines well could require, for many, planning, approvals and construction in three years, rather than five. But even the five year schedule appears unrealistic for many stations and for many markets. It appears unrealistic based on the estimates and cautions of complications of the Commission's Advisory Committee and on the natural workings of the marketplace which would suggest a staggered-by-market (or by size of station) HDTV implementation process. The Commission's schedule simply does not allow for such a natural rollout of this new technology, but instead compresses it into a forced short time frame that, as the Advisory Committee has noted, denies the benefits of economies of scale and time in equipment costs and manpower resources.

The Commission's across-the-board and short HDTV construction schedule demands the same capabilities and implementation of all stations, in all markets, irrespective of the weakened financial condition of much, though not all, of the industry. NAB respectfully requests the Commission to re-evaluate its decision and, in doing so, to consider the financial condition of the industry and the great financial disparities within it.

The Commission should defer setting an HDTV construction deadline or should now set a deadline or deadlines that would accommodate a staggered implementation schedule. The Commission's announced intention to set a strict, specific construction timetable at a date certain will make the same point as will the setting, now, of a specific schedule. Waiting to determine a construction deadline once the process is underway will afford the Commission the benefit of better and more estimates of costs, resources, revenues, and receiver penetration. From such estimates the Commission could set a schedule it could be comfortable would comport with market realities as to "timely" investments for variously situated broadcasters.

But should the Commission persist in its perceived need to now establish a specific construction schedule, NAB here pleads for the Commission to set a schedule that will allow for, or even designate, some staggering of

construction, by and within markets. Only in this way can far less able stations garner the economies of scale and time initiated by the earlier construction of large well-off stations. And only in this way can there be an effective, workable, realistic transition to bring high definition television to the American public.

### **PECEIVED**

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In the Matter of	)	FEDERAL COMMUNICATIONS COMMISSION CEFFICE OF THE SECRETARY
Advanced Television Systems and Their Impact upon the Existing Television Broadcast Service	) ) ) )	MM Docket No. 87-268

#### PETITION FOR PARTIAL RECONSIDERATION

The National Association of Broadcasters,

("NAB") 1/ hereby petitions the Commission to reconsider a portion of its Second Report and Order in the abovereferenced proceeding. 2/

#### I. INTRODUCTION AND SUMMARY

The National Association of Broadcasters, from the beginning, has worked with and supported the Commission in this massive undertaking of planning the introduction of a marvelous new generation of television service. The NAB and the broadcasting industry we represent did, in fact, ask the Commission to initiate this proceeding to ensure that broadcasters could participate fully, and from the beginning, in high definition television.

<sup>1/</sup> NAB is a nonprofit, incorporated association of radio and television broadcast stations and networks. NAB serves and represents America's radio and television stations and all the major networks.

<sup>2/</sup> Second Report & Order/Further Notice of Proposed Rulemaking in MM Docket No. 87-268, 7 FCC Rcd 3340 (1992).

Broadcasters have, since the inception of television broadcasting to the present day, brought to the American public television of the highest quality, in picture and in programming, and we are determined to continue to do so. The television industry has, as we are sure the Commission realizes, faced its new high definition future with some ambivalence. We face a top-to-bottom replacement of both plant and programming. We face an enormous, for some a staggering, investment of capital and of resources, with little expected return. But broadcasters have faced up to the realities and necessities of that future. We have not wavered in our resolve, and we will not do so now.

We know the Commission is mindful of the extraordinary efforts that NAB and broadcasters have expended to support and aid the Commission in devising a sound, successful implementation plan to bring high definition television to the American viewing public. We have devoted already extraordinary sums and resources to study and test and plan for high definition television. We stand at the ready to devote immeasurably more to this task.

But we must now ask the Commission to do what we ourselves have had to do, namely, to face the realities of this transition, face its costs, face the time it will take, face its foreseeable complications and the inevitable fact that not all stations are or can be in the position to

"construct" an HDTV plant in the same short time frame. It simply does not make sense to try to force stations, all at the same time, to do what it appears they cannot do.

NAB appreciates the difficulty of the Commission's task to devise a plan to see the sure and swift introduction of HDTV. We appreciate the Commission's dilemma of how to insure a rapid implementation of HDTV by relying on market forces rather than on government mandate, of how not to tie up valuable spectrum for longer than absolutely necessary. And NAB appreciates why the Commission has decided that HDTV will be brought to the American public most swiftly and efficiently by relying on, and requiring, broadcasters, alone and independent of other market factors, to construct HDTV facilities by a date certain.

Broadcasters accept the role the Commission is requiring of them. And we understand that the Commission is choosing not to require at this time related roles of receiver manufacturers or cable operators or equipment providers. But we ask that the Commission, while holding broadcasters' feet to the fire, extend some flexibility to enable us to accomplish our task. 3/

<sup>3/</sup> Broadcasters have urged and will urge again in the upcoming comments on the Further Notice that the Commission extend them flexibility to program as they and their viewers determine, rather than be constricted by a premature FCC dictate requiring 100 per cent simulcasting of the HDTV and NTSC channels. NAB believes that broadcasters may be able to develop a second revenue stream to help defray HDTV costs if they do not have to simulcast. NAB further believes that (continued...)

We ask that deadlines be determined or revised at a time when they reliably can be projected, or, if they must be established early, that they be based on the many factors suggested in the available studies and otherwise presented to the Commission. And we ask that they contain a bit of breathing space, to accommodate expected complications. We are certain that the Commission would want to see stations devote their resources to HDTV implementation rather than to costly extension requests. We also ask that the Commission rely, where possible, on predictable market forces, rather than on forced government mandates.

Specifically, NAB requests that the FCC reconsider its decision to impose an across-the-board three year construction deadline. We ask that the Commission either revisit the timing of a construction deadline once the process has begun or, should a specific construction schedule be seen as necessary, that the Commission now

<sup>3/ (...</sup>continued) a simulcasting rule would serve the public interest only to "protect" the NTSC-only viewing public at the tail end of the conversion period, when a large population of HDTV receivers could attract the most desired programming to HDTV and not to a small or dwindling NTSC viewership. Mandatory simulcasting, other than at the end of the conversion, would preclude broadcasters from presenting differentiated programming that would motivate consumers to purchase HDTV receivers. And, contrary to the suggestion in the Report and Order, adding NTSC circuitry to HDTV receivers would not add much at all in the way of cost to the production of dual-mode receivers capable of receiving both NTSC and HDTV. Thus, simulcasting's "eliminating the need for dual-mode receivers" will not appreciably lower the cost of HDTV receivers, as the Report and Order suggests (at para. 59).

establish a deadline or deadlines that allow for staggered implementation more in tune with natural market forces and known financial circumstances and for known complications. Should the Commission decline to so revise its rules, we request that it adopt an extension policy for a demonstration of present financial inability coupled with a showing of future capability.

We would fear that, otherwise, the transition process could be hobbled, and even halted, by en masse extension requests, incapable equipment markets unable to meet demand or achieve or offer expected economies of scale, artificially high equipment costs, insufficient manpower resources, failure of financing, unstable trading markets, and avoidable bankruptcies. An orderly and successful transition to HDTV could thus be sacrificed and defeated. That need not happen.

II. THE HDTV CONSTRUCTION SCHEDULE ADOPTED IN
THE SECOND REPORT AND ORDER IS NOT REALISTIC
GIVEN THE CAUTIONS OF THE ADVISORY COMMITTEE,
THE WORKINGS OF THE MARKETPLACE AND THE FINANCIAL
CONDITION OF MUCH OF THE TELEVISION INDUSTRY.

NAB supports the Commission's goal of seeing HDTV brought to the American public as soon as possible. And we can appreciate the Commission's decision to achieve this goal by requiring broadcasters to implement HDTV without the aid, at this time, of other "regulatory initiatives" or of

reference to HDTV receiver penetration. And, while we have advocated and we advocate here that the Commission later establish construction deadlines, we can appreciate the Commission's belief that it can best promote early HDTV implementation if it now sets a specific schedule, and gives notice of that schedule.

But we do not and we cannot agree that, in service of those ends, it makes sense to adopt an across-the-board schedule that does not comport with cautions of the FCC Advisory Committee on ATV Service, that does not allow for a natural staggered market-by-market implementation, that denies the benefits of natural market economies and that does not take into account the disparate financial circumstances in the television marketplace.

NAB believes that it makes no sense and will not serve the goal of swift implementation of HDTV to unreasonably hold broadcasters' feet to the fire and to thereby instill real fear in perhaps the majority of station operators that they will not, in a reasonable fashion, be able to meet the Commission's deadline.

<sup>4/</sup> While NAB has urged reference to HDTV receiver penetration for the timing of a construction deadline, and while we believe broadcasters will find it extremely difficult to finance, expend and recoup any of the enormous costs they face without a certain HDTV receiver population, we can understand the Commission's decision to not reference receiver population, fearing, otherwise, a "chicken and egg" problem. We must, however, ask that the extent of available HDTV receivers be considered in Commission policy.

A. A Two Year Application Window Should Be Sufficient, But Will Require A Rule Change.

In its <u>Second Report and Order</u> the Commission has adopted an across-the-board, for all stations and all markets, two year application window and a three year construction deadline.

application period from three to two years, finding that two years will afford enough time for broadcasters to arrange their financing and plan their facilities. NAB appreciates the Commission's need to have broadcasters evidence a commitment to convert to HDTV, or not, as soon as possible, in order to begin the process and hasten actual implementation or to give another the chance to do so in the broadcaster's stead.

Thus NAB is supportive of the Commission's decision in this regard, but for one serious concern and reservation. That reservation is that a broadcast applicant, under the current rules, must, at the time of application, be financially capable of constructing and operating the applied-for facility and must so demonstrate. As discussed infra, making or financing the

<sup>5/ 47</sup> C.F.R. §73.3533(a)(1) Application for Construction Permit - FCC Form 301. At the time the application is filed, the applicant must provide evidence that adequately demonstrates that he has sufficient resources to construct and operate the proposed facility. Depending upon the type of proposed financing, such demonstration may require a bank's commitment letter and/or financial statements (continued...)

capital investment required for an HDTV facility will be difficult for many broadcasters, perhaps even for the majority, on the schedule adopted by the Commission. Securing financing should be less problematic if broadcasters can build over a longer period of time, thereby spreading out their investment and reducing equipment and manpower costs by taking advantage of economies of scale and time.

This problem becomes all the greater should the Commission decline to adopt the channel pairing plan proposed by Ninety-Six Broadcast Organizations. If, instead, the Commission adopts its proposal for initial assignment of ATV channels, there will no doubt be many markets with "unnegotiated" channel plans and thus an inevitable ensuing race to first apply. Many stations thus may be forced to apply earlier and thus may lose the benefit of the two year window to arrange financing. If required to

<sup>5/ (...</sup>continued)
disclosing the net liquid assets of any individual lenders.
See Sunshine Broadcasting, Inc., 70 RR 2d 40 (1991);
Harrison County Broadcasting Co., 70 RR 2d 40 (1991).

<sup>6/</sup> See, Joint Broadcasters Comments, filed December 20, 1991, in this proceeding, at 3 et seg.

Index the Commission's proposed channel assignment plan, there will be an incentive for stations with less at stake to "hold out" on a market-wide negotiated channel plan, because there will be no channel it will "have to accept" if there is no negotiated plan. Such "hold out" stations may see their prospects as better in a "first-come, first-served," "random-ranking" application process and thus throw the entire market into a race to apply.

make the financially-capable demonstration at application time, such stations may be forced to choose between losing a chance at a favorable channel assignment or paying a premium for premature financing. Others simply may lose out.

Given these problems and dilemmas created by the financial demonstration requirement, NAB urges the Commission to amend this requirement, perhaps only requiring a showing that financing is being arranged and that there is reason to believe that it will be forthcoming. Without such a relaxation of the rules, the financial qualification requirement likely will present a serious problem for many broadcasters.

B. The HDTV Construction Schedule Required by the Commission's Second Report and Order Does Not Allow for Beneficial Workings of the Marketplace Nor Does It Comport With the Cautions of the Advisory Committee.

The Commission has adopted a three year construction deadline, for all stations, in all markets. In many markets and for many stations, this well may not even follow a two year period for applications to be filed, should the Commission adopt its proposed channel assignment plan that could result in a race to apply on day one. Thus, the Commission's plan and its deadlines well could require, for many, planning, approvals and construction in three years, rather than five. But even the five year schedule appears unrealistic for many stations and for many markets. It appears unrealistic based on the estimates and cautions

of complications of the Commission's Advisory Committee and on the natural workings of the marketplace which would suggest a staggered-by-market (or by size of station) HDTV implementation process. The Commission's schedule simply does not allow for such a natural rollout of this new technology, but instead compresses it into a forced short time frame that, as the Advisory Committee has noted, denies the benefits of economies of scale and time in equipment costs and manpower resources.

1. The Construction Schedule Should Allow for Some Staggering of Station and Market Implementation.

The Commission's <u>Second Report and Order</u> expresses concern that, "without such a specific timetable, some parties may unduly delay construction while waiting for others to take the lead . . . ."<sup>8</sup>/ NAB respectfully suggests that, for a cost-effective, workable, nationwide implementation of HDTV, many stations and many markets <u>need</u> to allow the larger stations in the larger markets to "take the lead."

Such <u>staggered implementation was suggested by the Advisory Committee's Fifth Interim Report<sup>9</sup></u> and was seen as

<sup>8/</sup> Second Report and Order, supra at ¶21.

<sup>9/</sup> Fifth Interim Report of the FCC Advisory Committee on Advanced Television Service (Mar. 24, 1992) (Fifth Interim Report).

"essential" by the CBS Study. 10/ The Advisory Committee

Report suggested that the Commission's schedule, then three

years/two years, now a not-much-different two years/three

years, would preclude much "time-phasing" and would

lead to the loss of some important benefits that would accrue from the staged approach. Specifically, it will:

-increase capital demands on groups, due to simultaneous construction;

-negate some of the equipment cost reductions forecasted by CBS [in the CBS Study] and SS/WP-3, since design refinement and productivity increase require both time and work, not merely higher volume; and

-exaggerate the problem of financing the on-air operations of some stations, since the earlier the start, the smaller the audience.

HDTV broadcast equipment costs, estimated to be initially quite high, will benefit, as the Advisory Committee suggests, from economies of scale and time. 12/
The CBS Study predicted that "with each doubling of the number of units of equipment ordered annually for HDTV broadcasting, the cost and price of equipment will be

<sup>10/</sup> A CBS Work in Progress (Oct. 23, 1990, Preliminary Results) (CBS Study), at 19 in Implementation on Fourth Interim Report to the FCC Advisory Committee on Advanced Television Service (IS-0017) (Mar. 7 1991).

<sup>11/</sup> Fifth Interim Report at 11.

<sup>12/</sup> Contribution to the Fifth Interim Report of the Implementation Subcommittee from Working Party 2 on Transition Scenarios (Jan. 31, 1992) (IS/WP2 Fifth Interim Report) at 10, in Implementation Fifth Interim Report, Attachment B.

reduced by 10% of the initial cost, as equipment design is refined and manufacturing productivity is improved. 13/

While the estimates of the economies may vary, the fact that there will be economies of scale and time, if there is time to achieve them, is obvious and predictable. These natural economies of the marketplace will make equipment costs more affordable to smaller and medium-sized stations less able pay the premium costs of first generation equipment. A critical and not-to-bedismissed point is that, absent economies of scale and time, HDTV equipment costs will be more or less the same for stations with revenues of \$5 million as for those with revenues of \$50 million.

And, if all television stations are forced to buy HDTV transmission equipment within the same short window of time, broadcast transmission equipment manufacturers will have little, if any, incentive to competitively price their products and services, namely transmitters, antennas, STL equipment and installations. The capacities of these

<sup>13/</sup> CBS Study.

<sup>14/</sup> The CBS Study contains the conclusion that "[e]quipment costs will decline significantly over the period of industry conversion to HDTV broadcasting." CBS Study, at 19. That study projected the conversion over a period of many years.

<sup>15/</sup> The equipment cost estimates contained in the CBS Study, already quite high, were based on a phased schedule, with smaller stations starting later and taking longer to construct. If forced into tighter schedules, costs will be much more than there predicted.

manufacturers are limited, serving today a small, mostly replacement market for NTSC equipment. It is doubtful that manufacturers will greatly expand their output capacities to compete for an only-temporarily larger market that will soon recede to replacement-only orders. And with limited capacities and high demand, prices will rise. All broadcasters well may find themselves paying much higher prices than they would in an unforced marketplace.

A more natural, staggered implementation also will allow manpower resources to be moved from station to station within commonly-owned station groups, as suggested in the Advisory Committee report. 16/2 Such staggering also will increase the availability of broadcast consultants, who are finite in number, and who will be needed to support and supplement station personnel during the transition to HDTV.

The Commission's three year construction deadline simply does not afford enough time for staggered implementation to occur, and thus would deny to smaller and medium-sized stations economies of scale and time desperately needed to reduce some of the enormous costs of conversion. Nor does the current schedule accommodate the likely complications not included in the Advisory Committee's estimates but cautioned by that committee.

<sup>16/</sup> Fifth Interim Report.

2. The Commission's Construction Schedule Is Too Short Given the Estimates of the Advisory Committee and Its Cautions of Likely Complications.

The Working Party on Transition Scenarios of the Advisory Committee's Implementation Subcommittee (IS/WP-2) has done significant work on estimating the time it will take stations to convert to HDTV, specifically to the "pass-through" point required to achieve "construction" under the Commission's rules. While the Working Party's conclusions compare its estimates to the Commission's proposed three year/two year schedule, they consider the entire five year cycle as the relevant time period, particularly for the "significant number" (perhaps 45 per cent) of stations estimated to require new towers and sites. 17/

The Working Party estimated that, with group
broadcasters time-phasing their stations implementation to
take advantage of manpower resources, 18/ and with "normal"
zoning, planning and environmental approval times, the
typical time from the start of implementation to on-air will
be three and one-half years for a station needing a new

<sup>17/</sup> Implementation Subcommittee Fifth Interim Report to the FCC Advisory Committee on Advanced Television Service (Implementation Fifth Interim Report) at 7 in Fifth Interim Report, Appendix I. The Working Party Report of this document suggests that "45 per cent [of stations] may need a new tower." IS/WP2 at 10.

<sup>18/</sup>WP2 at 10.

tower and two and one-quarter years for a station not requiring a new tower. 19/

The Transition Scenarios Working Party Report contained in the Advisory Committee's Fifth Interim Report has concluded:

IS/WP2's studies confirm that the 3 year/2 year proposal contained in the NPRM released 11/8/92 is reasonable in the abstract: a typical station committing to do so can be expected to be on the air within a five year cycle, including construction with a 2 year window from construction permit to on-air. In practice, however, this study and other work of IS/WP2 suggest several additional observations:

- a) No station can be expected to complete normal construction to on-air operation within the first year, few in the second.
- b) A significant number of stations will require new antenna towers and sites. This includes some stations in major markets, as evidenced by the Local Area Groups discussed above.
- c) Few, if any, stations will achieve the minimum implementation time. Not all stations will achieve even the typical time.

  Some will encounter significant uncontrollable delays. The FCC's rules to administer ATV implementation should recognize and deal with this circumstance.
- d) The proposed time limits would represent a significant truncation of the time interval over which stations are expected to implement, as compared to the broadcaster expectations of that time. Based on its surveys, IS/WP2 has concluded that the manpower forecasted to be available would support industry implementation to pass-through capability if the station starts are time-phased over the intervals suggested by CBS and the group owners. No such assertion can be made for the shorter schedule proposed by the FCC. [Emphasis added.]

<sup>19/</sup> IS/WP2, Appendix C at 2.

In the same document the Working Party states:

The FCC proposal for a tight time schedule for implementation based upon "regulatory incentive" does not comport well with broadcaster infrastructure and their interests in a staged implementation of HDTV. IS/WP-2 has found that adequate design personnel resources are available for the staged implementation to the pass-through milestone sought by broadcasters and documented by CBS. No such findings have been made regarding the faster implementation desired by the Commission. In fact, there is very strong evidence that in a large number of cases, especially in larger cities, broadcasters will not be able to achieve the Commission's timetable, at least for full facilities, no matter how hard they try and no matter what resources they apply. [Emphasis added.]

And, even these cautionary soundings of the Advisory Committee have not factored in certain complications that the Working Party has pointed out as affecting the time estimates. For one, the estimates do not include time for litigation or for station assignment. 21/

If the Commission's proposed channel assignment plan is adopted, the Commission's timetable would be seriously at odds with that to be reasonably expected for stations who must apply at day one to have a chance at a favorable channel assignment where there has been no negotiated market assignment agreement (instead of at the two year application deadline). 22/

<sup>20/</sup> IS/WP2 at 16.

<sup>21/</sup> Id. at 9.

<sup>22/</sup> The Working Party report, id. at 11, states:

IS/WP-2 studies suggest that implementation realities and early filing by broadcasters for a construction (continued...)

The Working Party's estimates do not include unavailability of manpower resources, where groups cannot move personnel from station to station in a phased implementation schedule. Nor do they include more than "normal" time for zoning, planning, environmental or other government approvals, these approvals are commonplace.

Similarly, the Working Party report acknowledges that, should the assumptions used as to the availability of equipment prove incorrect, "the length of implementation for

\* \* \* \*

If the method of channel assignment is first-come, first-served . . ., a broadcaster can be in an untenable position - it can elect to apply and risk being unable to build or elect to delay and risk receiving an "inferior" channel. In addition, there would be de facto discrimination against those that require a new tower [estimated to be as high as 45 percent of stations] compared to those that do not. [Emphasis added.]

The Working Party's report in fact states:

In some major markets, even longer governmental approval times are <u>likely</u> to be encountered. <u>Id</u>.

<sup>22/ (...</sup>continued)
 permit (CP) for HDTV operation are in serious conflict.
 Many stations will find it necessary to delay
 application for an HDTV assignment so that they can
 accomplish as much as possible before issuance of a CP.

<sup>23/</sup> Id. at 8, 16.

<sup>24/</sup> Id., Appendix C at 2.

each of the industry segments will be similarly impacted", <sup>25/</sup> and <u>since the Working Party believes their information in this regard to be inadequate</u>, it is attempting to gather better information. <sup>26/</sup>

It comes as no surprise to NAB that the Working Party has found that its information as to the availability of broadcast equipment is less than adequate. As we have noted, supra at 11, it seems doubtful that equipment manufacturers, with limited capacity filling mostly replacement orders, will make the capital investment to greatly increase their output capabilities for a temporary surge in demand. NAB therefore expects there to be an extreme backlog in filling orders for transmission equipment, should the Commission's timetable hold.

The Working Party also states that:

In its analyses of the transition scenarios and <u>estimates</u> of the implementation timing of the various industry segments, IS/WP-2 has made the <u>assumption</u> that the required technical information will be published <u>no later than</u> the issuance of the NPRM proposing the system selection. <u>Any</u> later promulgation of the required data <u>will</u> add directly to the estimated time

<sup>25/</sup> Id. at 13. The Working Part report states:

<sup>[</sup>T]he availability of professional equipment will be critical to the implementation of Advanced Television and may lie on the critical path to achievement of that milestone. The information obtained previously from manufacturers of such equipment, although helpful, was less than adequate. As a result IS/WP-2 plans a new survey of the manufacturers in the near future.
[Emphasis added.]